

MICHIGAN DEPARTMENT OF CORRECTIONS <b>POLICY DIRECTIVE</b> SUBJECT <b>PETTY CASH FUND</b>	EFFECTIVE DATE 06/22/1998	NUMBER 01.02.140
	SUPERSEDES 01.02.140 (02/13/84)	
	AUTHORITY MCL 18.1401 et seq.; 791.203 The Administrative Guide to State Government Procedure 1210.11	
	ACA STANDARDS 3-4031; 2-3082; 1-CTA-1B-02; 2-CO-1B-05; 3-ACRS-1B-02; 1-EM-1B-02.	
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**POLICY STATEMENT:**

A petty cash fund may be established for the purpose of paying small obligations.

**POLICY:**

- A. Central Office may have a petty cash fund. The Finance Division Manager, Bureau of Fiscal Management, Administration and Programs (A&P), shall be responsible for the petty cash fund and for designating a cash box custodian as set forth in this policy.
- B. Each Field Operations Administration (FOA) facility and field office may have a petty cash fund, subject to the approval of the FOA Deputy Director or designee, and the Finance Division Manager. Each Correctional Facilities Administration (CFA) facility and regional office may have a petty cash fund, subject to the approval of the Finance Division Manager. Approval shall be based on demonstrated need for a petty cash fund.
- C. Petty cash funds shall only be used to pay for purchases, services or other obligations that are less than \$100 and cannot be paid by using a State gasoline credit or procurement card.
- D. An FOA administrator who wants to establish a petty cash fund must submit a written request to the FOA Deputy Director or designee, through his/her chain of command, explaining in detail the need and proposed uses for the petty cash fund and the amount requested. If the Deputy Director or designee approves the request, s/he shall submit the request to the Finance Division Manager for review and approval as required by Department of Management and Budget procedure.
- E. A warden or Regional Prison Administrator, or designee, who wants to establish a petty cash fund must submit a written request to the Finance Division Manager for review and approval. The request shall explain in detail the need and proposed uses for the petty cash fund and indicate the amount requested.
- F. If the Finance Division Manager approves the request, s/he shall establish a limit on the amount of money to be maintained in the petty cash fund. The Finance Division Manager shall retain documentation of the criteria used for determining the amount approved.
- G. If the request to establish a petty cash fund is approved, the warden or administrator shall designate appropriate supervisory staff to be responsible for the petty cash fund, including disbursement of the funds. Funds may be used only to pay for an approved expenditure or to reimburse staff for an approved expenditure made with personal funds.
- H. Each disbursement from a petty cash fund shall be supported by appropriate documentation, including a receipt or a vendor invoice bearing the signature of the employee receiving the goods or services for which the funds are requested.
- I. The warden or administrator shall designate a cash box custodian who shall be responsible for the following:

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1. Securing the cash box;
  2. Disbursing petty cash from the cash box;
  3. Retaining receipts or other appropriate documentation supporting petty cash fund disbursements;
  4. Issuing and retaining receipts signed by staff receiving petty cash fund disbursements;
  5. Replenishing cash box funds when necessary.
- J. The warden or administrator may designate an alternate cash box custodian to assume the duties set forth in Paragraph I in the absence of the cash box custodian.
- K. An accountant or bookkeeping supervisor shall reconcile each cash box monthly to ensure that the funds remaining in the cash box plus receipts for disbursements equal the total amount of the petty cash fund. An accountant or bookkeeping supervisor also shall conduct a fiscal year end reconciliation of each cash box and prepare and submit a report indicating the results to the Finance Division Manager. Monthly and annual reconciliations shall not be performed by the cash box custodian whose cash box is being reconciled.
- L. At the end of each fiscal year, the Finance Division Manager shall review approved amounts for each petty cash fund box to determine if the amounts are adequate, but not excessive. S/he also shall compile and submit to the Department of Management and Budget a report detailing all Department petty cash fund locations and the balance of each petty cash fund.
- M. Noncompliance with this policy or relevant sections of the Department of Management and Budget Administrative Guide to State Government may result in the Finance Division Manager rescinding approval of a petty cash fund or reducing the amount of funds approved for the fund.

#### OPERATING PROCEDURES

- N. Wardens, CFA Regional Prison Administrators, and the FOA and A&P Deputy Directors shall ensure that within 60 days of its effective date, procedures implementing this policy are developed. Wardens shall forward their procedures to the appropriate Regional Prison Administrator for approval.

#### AUDIT ELEMENTS

- O. A Primary Audit Elements List has been developed and will be provided to wardens, Regional Prison Administrators, the Administrator of the Special Alternative Incarceration Program, FOA Regional Administrators, and the Finance Division Manager to assist with self audit of this policy, pursuant to PD 01.05.100 "Self Audit of Policies and Procedures".

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